

FORECASTS COMPARISON

Idaho has a dynamic economy whose growth is influenced by a myriad of local, national, and international factors. Therefore, changes to the projected values of such diverse variables as oil prices, interest rates, and national housing starts can have an effect at the state level. In order to account for the effects of such changes on the state's economy, each issue of the *Idaho Economic Forecast* uses IHS Global Insight's most recent forecast of the U.S. economy. Additional data, such as company-specific expansions and/or contractions are also considered.

The following comparison table shows how the outlooks for several key Idaho and national economic series have changed from the October 2010 to the January 2011 *Idaho Economic Forecast*. The January 2011 *Idaho Economic Forecast* is based on IHS Global Insight's November 2010 baseline U.S. macroeconomic forecast and the October 2010 *Idaho Economic Forecast* is driven by IHS Global Insight's October 2010 baseline forecast.

Several key indicators show the outlook for the national economy has changed little from the October 2010 forecast. As the accompanying table shows, real output is virtually the same as in the previous forecast. Specifically, this measure is no more than 0.2% higher in any year than its October 2010 counterpart. Likewise, the forecast for U.S. real personal income is also within 0.2% of its previous forecast. However, unlike output, it is slightly lower than was projected in October 2010. The employment change is a hybrid of the output and income changes. That is, the current nonfarm employment forecast is slightly higher than was predicted last October in both 2010 and 2011, but it is lower than in the previous forecast in 2012 and 2013. This pattern reflects changes to the national nongoods-producing sector employment forecast. It, too, is higher in the first two years of the forecast than was previously projected and lower in the latter two years. National goods-producing employment is higher than its predecessor in each year, but not by a significant amount. Interest rates and inflation are virtually the same as was forecast in October 2010.

The current Idaho outlook has been lowered from the one that was published in October 2010. The forecast for Idaho nominal personal income has been lowered by about 0.7% in each year of the forecast. As a result, Idaho nominal personal income is about \$325 million lower in 2013 than in the previous forecast. Adjusting for inflation slightly lowers the percent difference between the current and previous forecasts to about 0.6%. The state's employment forecast has also been reduced by a small amount each year. The cumulative impact of these small changes is there are 3,500 fewer jobs in 2013 than in the previous forecast. More than half of that year's reduction (1,900 jobs) is in the construction sector. This change reflects the negative impact of the lower housing starts forecast in the current forecast. Specifically, there are 2,900 fewer starts forecasted for 2011, 1,900 less starts in 2012, and 300 fewer starts in 2013.

**IDAHO ECONOMIC FORECAST
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DIFFERENCES BETWEEN
JANUARY 2011 AND OCTOBER 2010 FORECASTS**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
U.S. GDP (BILLIONS)										
Current \$	0	0	0	0	0	0	15	8	-5	11
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.0%	0.1%
2005 Chain-Weighted	0	0	0	0	0	0	13	22	8	13
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%	0.1%	0.1%
PERSONAL INCOME - CURR \$										
Idaho (Millions)	0	0	0	0	0	0	-95	-350	-395	-327
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	-0.7%	-0.7%	-0.6%
U.S. (Billions)	0	0	0	0	0	0	-12	-17	-27	-17
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	-0.1%	-0.2%	-0.1%
PERSONAL INCOME - 2005 \$										
Idaho (Millions)	0	0	0	0	0	0	-85	-279	-327	-290
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	-0.6%	-0.7%	-0.6%
U.S. (Billions)	0	0	0	0	0	0	-11	-7	-19	-17
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	-0.1%	-0.2%	-0.1%
TOTAL NONFARM EMPLOYMENT										
Idaho	-1	-1	-1	-1	0	-1	-1,590	-3,841	-4,106	-3,531
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.3%	-0.6%	-0.7%	-0.5%
U.S. (Thousands)	0	0	0	0	0	0	46	186	-273	-506
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	-0.2%	-0.4%
GOODS PRODUCING SECTOR										
Idaho	0	0	0	1	1	0	-579	-1,883	-2,617	-2,191
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.7%	-2.1%	-2.8%	-2.3%
U.S. (Thousands)	0	0	0	0	0	0	16	35	7	29
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%	0.0%	0.2%
NONGOODS PRODUCING SECTOR										
Idaho	-1	-1	-2	-2	-1	-1	-1,011	-1,958	-1,489	-1,339
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	-0.4%	-0.3%	-0.2%
U.S. (Thousands)	0	0	0	0	0	0	31	150	-280	-536
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	-0.2%	-0.5%
SELECTED INTEREST RATES										
Federal Funds Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Bank Prime Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Existing Home Mortgage Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.3%	0.0%
INFLATION										
GDP Price Deflator	0.000	0.000	0.000	0.000	0.000	0.000	0.013	-0.119	-0.098	-0.025
Personal Cons Deflator	0.000	0.000	0.000	0.000	0.000	0.000	-0.001	-0.076	-0.046	0.022
Consumer Price Index	0.000	0.000	0.000	0.000	0.000	0.000	0.001	-0.001	0.000	0.001

Forecast Begins the THIRD Quarter of 2010